M

Secrt. II-27—100,006—21-5-48.

Finance (1948) Department.

Mis. SERIES.

G.O. No. 395 (395)

Dated 21st April 1948

[Despatch Abstract.]

Ways and Means - Electricity Reserve Funds - Investments in 3 per cent Conversion Loan of 1946 and 2½ per cent Madras Loan, 1961 - Papers Recorded.

GOVERNMENT OF MADRAS
Finance Department

Letter No.66227-A. W & M- 1

From

The Secretary to the Govt of Madras,
Finance Department.

To

The Manager,
Reserve Bank of India,
M a d r a s

Dated Fort St. George the 6th November 1947.

Sir,

Electricity Reserve Funds - Investment.

I am directed to state that the Madras Government have decided to invest a sum of Rs.20 lakhs (Rupees twenty lakhs only) now out of the current year's contribution to the Electricity Reserve Funds of the following projects:-

	Nominal Value Rs. lakhs
Depreciation Reserve Fund --	
Pykara Hydro Electric System	8.00
Mettur Hydro-Electric System	5.00
Papanasam Hydro Electric System	.80
Bezwada Thermal Electric System	.90
Special Reserve Fund --	
Pykara Hydro Electric System	3.00
Mettur Hydro Electric system	2.00
Papanasam Hydro Electric System	.30
	20.00

Please arrange for the purchase of one or more of the securities indicated below at the best rate available in the market and in the order of preference given:--

(1) 3 per cent Government of India Non-terminable Loan
(2) 3 per cent Government of India Conversion Loan (1986)
(3) 2¾ per cent Madras Loan, 1961
(4) 3 per cent Government of India Development Loan, 1970-75
(5) 2¾ per cent Government of India Loan, 1976.

Any balance remaining out of the sum of Rs.20 lakhs for which purchases have not been contracted for as at the close of business on the 14th November 1947, should please be invested in the new Government of India 2¾ per cent Loan, 1962, on the 15th November 1947.

All the securities purchased may be held in safe custody by the Bank and the necessary safe custody receipts forwarded to the Government in the Finance (Ways & Means) Department. The details of the purchase of securities as and when completed may be communicated to the Government and also to the Accountant-General, Madras.

Your Obedient Servant
** ** p.t.o.

Copy to the Accountant-General, Madras.
Copy to Chief Engineer (Electricity), Madras

Government of Madras
Finance Department
--
No.66227-A.N.M. - 2.

From

Dr. D.W. Dodwell, M.A., Ph.D (Econ.), C.I.E., I.C.S.,
Secretary to the Government of Madras
Finance Department

To

The Manager,
Reserve Bank of India, Madras

Dated Fort St. George the 7th November 1947

Sir,

Electricity Reserve Funds - Investment.

My letter No.66227-A.N.M-1, dated 6-11-1947.
--

I am directed to state that the sum of Rs.20 lakhs (Rupees Twenty lakhs only) referred to in my letter cited may be taken to represent the nominal value of securities to be purchased.

Your Obedient Servant,
D.W. Dodwell,
Secretary to Government.

Copy to the Accountant-General, Madras
Copy to the Chief Engineer (Electricity)

S. No.13/3138
MEMORANDUM OF DEPOSIT OF SECURITIES.

Ref.No.412 Long Term Deposits

To

The Secretary to the Government of Madras
Finance (Ways and Means) Department, Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Special Reserve Fund - Mettur Hydro-Electric System, the undernoted Govt. Securities for Rs.1,50,000 (Rupees one lakh and fifty thousand only) on the 10th November 1947.

Particulars of Securities

Number	Loan	Amount	Bearing interest From	Remarks.
		Rs.		
By 128069-71 25,000 x 3	3 % Loan 1946	75,000	15-9-47	In continuation of this Office letter No.Sec. P.C. 13/172/3127, dated 8-11-1947
By 063885	"	25,000	"	
By 031112	"	25,000	"	
By 129555	"	25,000	"	
Total		1,50,000		

Reserve Bank of India,
Securities Department
Madras, 10th November 1947

(sd). N.P. Bola,
Manager.

Received the original.

** **
Superintendent, C.C.B.

p.t.o

Sec. No.3157
MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No.413 and 414 — Long Term Deposits.

To

The Secretary to the Government of Madras,
Finance (Ways and Means) Department,
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund, the undernoted Government securities for Rs.1,50,000 (Rupees one lakh and fifty thousand only) on the 12th November 1947.

Particulars of Securities				
Number	Loan	Amount	Bearing Interest From	Remark
By 134115-16 25,000 x 2	3 per cent 1946	Rs. 50,000	15-9-47	Bezwada Thermal Electric system
By 134113	"	25,000	"	
Ms 006578 25000 x 3	"	75,000	"	Papanasam Hydro-Electric System.

In continuation of this office letter No.Sec.P.c 13/172/3144, dated 10-11-1947.

Total 1,50,000

Reserve Bank of India,
Securities Department
Madras, 12th November 1947

(Sd.) N.P.Bdla,
P. Manager

Received the original

** ** 6-1-48.
Superintendent (C.C.B.)

Sec. No.13/3197
MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No.415 Long Term Deposits.

To

The Secretary to the Government of Madras
Finance (Ways and Means) Department, Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Special Reserve Fund - Papanasam Hydro Electric System the undernoted security for Rs.30,000 (Rupees thirty thousand only) on the 14th November 1947.

Particulars of Securities				
Number	Loan	Amount	Bearing Interest from	Remarks.
(1)	(2)	(3)	(4)	(5)

(1)	(2)	(3)	(4)	(5)
Stock	3 % 1946	30,000	15-9-1947	In continuation of this office letter No. Sec. No.13/ 172/3164, dated 12th November 1947.
	Total	Rs.30,000		

(M.) V... Sola,
.. Manager.

Reserve Bank of India,
Securities Department
Madras, 14th November 1947
Received the original .. ** **6-1-48
Superintendent S.C.B.

Sec.No.13/3239

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No.412, 416 and 417 Long Term Deposits.

To

The Secretary to the Government of Madras
Finance (Ways and Means) Department,
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds, the undermoted Government securities for Rs.4,50,000 (Rupees four lakhs and fifty thousand only) on the 17th November 1947.

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
By 104699 - 104700 8 x 25000	3% 1946	50,000	15-9-47	Special Reserve Fund, Mettur Hydro-Electric system.
By No 006436-29 4 x 25,000	"	1,00,000	"	Dep. Res. Fund, Mettur H.E.S.
By 104635 - 646 12 x 25,000	"	3,00,000	"	Special Res. Fund Myk. Hydro Elec. system.
				(In continuation of this office letters Nos.Sec.R.C.13/172/ 3206 and Sec.R.C.13/ 172 3198 d/15-11-47 and 14-11-47 respectively)
	Total.	4,50,000		

Sec. No.13/3295

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No.413,414 and 418 — Long Term Deposits.

To

The Secretary to the Government of Madras,
Finance (Ways and Means) Department,
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds the undernoted Government securities for Rs.70,000 (Rupees seventy thousand only) on the 18th November 1947, on the 1947.

Particulars of Securities

Number	Loan	Amount	Bearing interest From	Remarks
		Rs.		
Stock	3% 1946	5,000	Dep. Res. Fund, Papanasa Hydro Electric System	
	"	15,000	do. „Bezwada Thermal Electric System	
By 107461-62 2 x 25000	"	50,000	do. Pykara Hydro Elec. system.	
				In continuation of this office letter No.Sec.P.C 13/172/3250, d/17-11-47
Total		70,000		

Reserve Bank of India
Securities Department
Madras. 18th November 1947

(Sd.) N.P.- Bola
P. Manager

Received the original

** ** 6-1-48.
Superintendent, C.C.B.

Sec. No.13/3318

Memorandum of Deposit of Securities

Ref.No.416 — Long Term Deposits.

To

The Secretary to the Govt. of Madras,
Finance (Ways and Means) Department, Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - Mettur Hydro Electric System the undernoted Government security for Rs.3,00,000 (Rupees three lakhs only) on the 21st November 1947.

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
		Rs.		
By 133596 -98 2 x 100000	3% C.L. 1946	3,00,000	15-9-47	In continuation o this office lette No.Sec.P.C.13/172 3313 d/21-11-47. The Memo. of depo sit of securities for Rs.25,000/-
Total		3,00,000		

p.t.o.

Sec. No. 13/3454

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No. 416 and 418 Long Term Deposits.

To

The Secretary to the Government of Madras,
Finance (Ways and Means) Department
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - -- -- System, the undernoted/ securi- ty for Rs. 3,25,000 (Rupees Three lakhs and twenty-five thousand on the 2nd December 1947 1947.

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
		Rs.		
MS 006647	3% C.L.1946	25,000	15-9-47	Metter H.E.S.
MS 005658-665 (25000 x 8)	"	2,00,000	15-9-47	Pykara H.E.S.
~~By xx0x7x0x~~				
By 070446	"	50,000	"	do
By 007707-08	"	50,000	"	do

(In continuation of this office letters Nos.Sec. P.C.13/172/3313, Sec.P.C.13/172/3412, Sec.Pc. 13/172/3432, d/20-11-47, 29-11-47 and 1-12-47 respectively).

Total 3,25,000

Reserve Bank of India
Securities Department
Madras 22nd November 1947
Dec.
Received the original

(Sd.) N.P. Bola
P. Manager

** **

Superintendent, C.C.B.

Sec. No.

long ... ...s.

... ... t ... Government of Madras,
... ... (Agent ... Madras, ...
Madras

... deposited with the Reserve Bank of India on account
of ... Notifiability Reserve Funds - Depreciation Reserve ... -
Syrtem, the undermen... account-
ty for As.
on the 1947.

Number	Loan	Amount	Bearing interest from	Remarks
	Particulars of Securities			

Received the original
Madras 22nd November 1947
Securities Department
Reserve Bank of India

(Sd.) K.P. Sola
P. Manager

** **

Superintendent, C.A.P.

Sec. No. 13/3465

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No. 418 **Long Term Deposits.**

To

The Secretary to the Government of Madras,
Finance (Ways and Means) Department
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - Pykara Hydro-Electric **System, the undernoted security for Rs.** 1,00,000 (Rupees one lakh only) **on the** 3rd December 1947 **1947.**

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
		Rs.		
By 132492-95 25,000 x 4	3% 1946	1,00,000	15-9-47	In continuation of this office letter No.Sec. P.C.13/172/3446 dated 2-12-47
	Total	1,00,000		

Reserve Bank of India
Securities Department
Madras 22nd November 1947
Received the original

(Sd.) N.P. Bola
P. Manager

**** ****

Superintendent, C.C.B.

*3rd Dec. 1947

Sec. No. 14/184

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No. 418 **Long Term Deposits.**

To

The Secretary to the Government of Madras,
Finance (Ways and Means) Department
Madras

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - Pykara Hydro Electric **System, the undernoted security for Rs.** 25,000 (Rupees twenty five thousand only) **on the** 17th January 1948. **1947.**

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
		Rs.		
By 097672	3% Loan 1946	25,000	15-9-47	In continuation of this Office letter No.Sec.P.C. 13/172/177, dated 16-1-48
Total		25,000		

Rexer

Reserve Bank of India
Securities Department
Madras 22nd November 1947*

(Sd.) N.P. Bola
P. Manager

*17th January 1948.

Received the original

** **
Superintendent, C.C.B.

GOVERNMENT OF MADRAS
Finance Department

Letter No.66227-A. W & M- 3 D) 15.3.948

From

To

The Manager,
Reserve Bank of India, Madras

Dated Fort St. George the 15th March 1948

Sir,

Electricity Reserve Funds - Investment.

Correspondence ending with your letter No.Sec./P.C./13/172/177, dated 16-1-48.

I am directed to state that the Madras Government have decided to invest a further sum of Rs. 1.70 lakhs (Rupees one lakh and seventy thousand only) - (Nominal value) now out of the Electricity Reserve Funds of the following projects:-

	Nominal value Rs.
Depreciation Reserve Fund.	
Pykara H.E. System	35,000
Mettur H.E. System	50,000
Papanasam H.E. System	5,000
Special Reserve Fund --	
Pykara H.E. System	30,000
Mettur H.E. System.	20,000
Papanasam H.E. System	5,000
Andhra Power system.	25,000
	1,70,000

Please arrange for the purchase of one or more of the securities indicated below in the order of preference given at the best rate available in the market.

(1) Madras Government 2¾ per cent Loan, 1961
(2) Govt. of India 3% conversion Loan 1986 (or later)
(3) Govt. of India 3 per cent Non-terminable loan.

The actual purchase of securities and the relative transactions in the Government account may, if possible, be put through not later than the 31st March 1948.

All the securities purchased may be held in safe custody by the Bank and the necessary safe custody receipts forwarded to the Government in the Finance (Ways and Means) Department. The details of the purchase of securities as and when completed may be communicated to the Government and also to the Accountant-General, Madras.

Your Obedient Servant
** **

Copy to the Accountant-General, Madras
Copy to the Chief Engineer (Electricity).

---

p.t.o.

Sec. No. 14/905

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No. 3, 6, 7 and 26 **Long Term Deposits.**

See No 14/905 D 25.3.48

To

**The Secretary to the Government of Madras,
Finance (Ways and Means) Department
Madras**

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - System, the undernoted security for Rs. 1,14,500 (Rupees one lakh fourteen thousand and five hundred only) on 25th March 1948

Particulars of Securities

Number	Loan	Amount	Bearing interest from	Remarks
		Rs.		
MS 000340-59 20 x 1000	2¾ % M.L. 1961	20,000	29-2-48	Special Res. Fund Mettur H.E. System
MS 000360-89 30 x 1000	do	30,000	do.	-do- Pykara H.E. do.
MS 000491-500 10 x 5000	do	50,000	do.	Dep. Res. Fund Metter H.E. System
MS 000163-66 (4 x 1000)	do	4,000	do	Special Res. Fund, Andhra Power System
MS001296-1301 (6 x 1000)	do	6,000	31-8-47	do.
MS 001302-1304 (3 x 1000)	do	3,000	do.	do.
MS 001196-98 (3 x500)	do	1,500	do	do
		1,14,500		In continuation of this office letter No.Sec.P.C.14/28/89 dated 24-3-48

P. Karunakaran.

Reserve Bank of India
Securities Department
Madras 22nd November 1947

(Sd.) S.P. Bola
P. Manager

25th March 1948

Received the original

Superintendent, C.C.B.

Sec. No. 14/971

MEMORANDUM OF DEPOSIT OF SECURITIES

Ref.No. 413, 415, 418 and 428 **Long Term Deposits.**

To

**The Secretary to the Government of Madras,
Finance (Ways and Means) Department
Madras**

Deposited with the Reserve Bank of India on account of Electricity Reserve Funds - Depreciation Reserve Fund - System, the undernoted security for Rs. 50,000 (Rupees fifty thousand only) **on the** 1st April 1948.

Particulars of Securities

Number	Loan	Amount	Bearing interest from paid up.	Remarks
		Rs.		
Stock	3 % C.L. 1946	35,000	15-3-48	Depreciation Res. Fund - Pykara H.E. System
Stock	do.	5,000	do.	do. Papanasam H.E.S.
Stock	do.	5,000	do.	Special Reserve Fund, Papanasam H.E. System.
Stock	do.	5,000	do.	Special Reserve Fund Andhra Power System.
		50,000		In continuation of this office letter No.Sec.P.C.14/28/962 dated 31-3-48

P. Karuppakaran

Reserve Bank of India
Securities Department
Madras

(Sd.) P. Ranga

P. Ranga

1st April 1948.

Received the original

** **

Superintendent, C.C.B.

DEPRECIATION RESERVE FUNDS AND SPECIAL RESERVE FUNDS OF ELECTRICITY SCHEMES.

--

In order to provide for renewals and replacements of plant, machinery and buildings connected with certain Government Electricity Systems, the following reserve funds have been established in respect of each System concerned:-

(1) Depreciation Reserve Fund, to provide for renewals and replacements that may be required from time to time due to abnormal causes, such as damage by storms, cyclones, fire and similar calamities.

The contributions to each Depreciation and Special Reserve Fund are made annually out of the revenues of the System concerned at the rate of two and a half per cent and one per cent respectively of the total Capital outlay as at the end of the preceding year, until the amounts in the Funds accumulate to a maximum of 30 per cent and 10 per cent in any year to maintain the Funds at the prescribed limits. The balance to the credit of Central Government. The interest received on the securities is not credited to the Funds but to the receipts of the respective Systems as Miscellaneous Revenue under XLI. Receipts from Electricity Schemes.

The following are the Systems for which these Funds have been established:-

System.	Year in which the Funds were established.
(i) The Pykara Hydro-Electric System.	1937-38
(ii) The Mettur Hydro-Electric System--	
(a) Subsidiary Schemes transferred from the Pykara System to the Mettur System.	1937-38
(b) Erode-Trichinopoly-Negapatam Extensions	1938-39
(c) System as a whole.	1941-42
(iii) The Papanasam Hydro-Electric System works transferred from the Pykara System to the Papanasam System.	1944-45
(iv) Bezwada Thermal System.	1946-47

THERMAL SYSTEMS.

These funds have not yet been established in respect of the Vizagapatam and Cocanda Thermal Schemes although they have passed the sixth year of operation, as these schemes have not earned sufficient revenues to admit of the contribution to the funds. This is due to the suspension of the development of load and the abnormal increase in the working expenses, particularly fuel cost, consequent upon the war.

In 1946-47 the Bezwada System however contributed at the prescribed rate of 2½ per cent to the Depreciation Fund. A small sum representing the surplus revenue left after contribution to the Depreciation Reserve Fund was paid to the Special Reserve Fund also. The budget estimate for 1947-48 provides for contribution to both the funds at the prescribed rates.

According to the Budget Estimates for 1947-48 the position is briefly as under:-

	Rs.Lakhs.
(a) Opening Balance.	.14
(b) ADD - Contribution from Revenue:	24.06
Total:	24.20

Total.	24.20
(c) Deduct Transfers to the Revenue Account for renewals and replacements.	1.40
Balance:	22.80
(d) Total amount provided for investment in the Current year.	22.75
(e) Closing Balance	.05

The Chief Engineer for Electricity may be requested to issue the necessary instructions for the adjustment of the contributions from Revenues to the several Electricity Reserve Funds in the accounts of July 1947 and intimate the fact to this Department. A draft memo is submitted for approval.

As regards the investment of these funds, the proper investment for these funds in a year when the Madras Government borrw is the new loan of the Government. But during this year it has been decided not to raise any loan in the open market. (The major part of contributions, viz. Rs lakhs - of last year was invested in the Madras Government 2½% loan 1961)

In the current year as there will be no open market loan, if the contributions are to be invested, they can be invested in any of the Central or Madras Government's loan, or the amount can be retained for Ways and Means purposes until the lean months are over. The question of investment or otherwise may be considered in detail as soon as the Chief Engineer for Electricity intimates the amounts of contributions adjusted to the credit of the Reserve Funds of the Electricity systems.

Sd..22/7/47.

(Issued as Memo. 30296 W&M-5 dated 23-7-47)

From the C.E.E.No.4233 A/47-2 dated 2-8-47.

The Chief Engineer Electricity has adjusted in the accounts of July (as requested) the contribution from Revenue 1947-48 to the Depreciation and Special Reserve Funds of the Electricity Systems in the Budget for 1947-8 has been entered in pencil for reference below item 2 in the Statement at p.3 c.f.) The amount at the Credit of the Reserve Funds that may be available for ~~instant~~ investment is about Rs.21.72 lakhs now.

There are just now heavy commitments on account of food grains payment to other Provinces, payments to the Madras Electric Supply Corporation etc. The question of investment of these funds may be dealt with when framing the forecast early next month. (No investment can be made now as been now taking W & M advances and rediscounting our Central Government's three months).

Sd..13/8/1947.

Please see the notes from page 1 above.

2. With the issue of the new Government of India loan on the 15th November 1947, the loan of Rs. 6 crores asked for by this Government is likely to be credited to this Government during the latter half of this month of early next month, and we will have sufficient funds for meeting our ways and means requirements. The question of the investment of the balance in the Electricity Reserve Funds may be settled now.

3. According to the statement on page 3 cf. a sum of about

Rs.21.72 lakhs is available for investment out of the balances in the several Electricity Reserve Funds. It seems that a sum of Rs. 20 lakhs may be invested now without any embarrassment to our ways and means position. As already noted on page 2 above, the proper investment for these funds in a year when the Madras Government borrow is the new loan of the Government. During the current year however this Government have decided to take a loan from the Government of India to meet the expenditur relating to Cpital and Debthead transactions and not to raise any loan in the open market. Ordinarily, therefore we can straightway invest the sum of Rs.20 lakhs in the new Government of India 2½ per cent Loan, 1962.

It may however, be mentioned in this connection that the existing securities in the Electricity Reserve Funds are mostly medium term securities except for the sum of Rs.33 lakhs (nominal val ue) held in the form of the Government of India 3 per cent Loan, 1963Rs65. There are non-terminable loans in these funds nor are there substantial holdings in the form of long-dated loans. It seems pereferable to hold anappreciable portion of the securities in the Electricity Reserve Funds in non-terminable and/or long dated loans, if possible. The following loans seem to be suitable for the purpose.

Description of Securities. (1)	Market Quotation. (2) Rs.	A.		Yield to redemption. (3) Per Cent.	
3 % Non-terminable Loan.	100	8	%	2.98(flat yield)	
3 % Conversion loan of 1946 (Repayable in 1986 or later).	100	11	%	2.97	
3 % Development Loan, 1970-75.	101	10	%	2.90	
2½% Madras Loan, 1961.	99	0	%	2.84	(Madras loan may be put third in order)Sd...
2 3/4 ~~2½%~~ Govt.of India,Loan.1976.	99	8		2.78	

It would be financially advantageous to purchase any one or more of the above loans at the current market price if scrip would be available. Perhaps, we may place an order with the Reserve Bank now authorising the purchase of one or more of the above securities to the extent of Rs.20 lakhs in the order of preference as above. If the purchase is not completed by the 14th November, 1947, the date of receipt of subscriptions to the new Govwrnment of India loan, the unspent balance out of Rs. 20 lakhs, if any, may be invested in the new Government of India Loan. on the 15th November 1947.

A draft letter is submitted for approval.

Sd...6-11-47.

(Issued as Lr.66227 A.W&M-1 d/6-11-47)

The Manager, Reserbe Bank of India, Madras telephoned to say that he has since contracted for the purchase of securities of the Government of India 3 per cent Conversion Loan of 1946 maturing in 1986 (or later) for the nominal value of Rs.19,70,000, in response to our letter on pages 4-5 c.f. He was not sure whether the sum of Rs.20 lakhs referred to by us in the latter related to the nominal value of securities to be purchased or the amount actually available for investment. As already noted, a sum of Rs.21.72 lakhs is available for investment out of the balance in the Electricity Reserve Fund s after providing for probable withdrawals during the current year for renewals and replacements. There will be nom difficulty at all in investing an amount in excess of Rs. 20 lakhs so as to cover the

cost of securities of the nominal value of Rs. 20 lakhs of the 3 per cent Conversion Loan of 1946. It was ascertained from the Manager that the contract has been entered into at a price of Rs.100-15 per cent, which will mean that the cost of securities of the 3 % Conversion Loan of 1946 of the nominal value of Rs. 20 lakhs will come to only Rs. 20 ,18,750. (There will be no other liability to the Funds as the advance interest payable on the securities is debited to the Revenue Account which receives credit for the half-yearly interest realised on the securities. The Manager, Reserve Bank of India, Madras, wanted this position to be confirmed by a formal letter.

It is satisfactory that we had been able to secure a long dated loan carrying a nominal rate of interest of 3 per cent at a price less than one point above par.

A draft letter to the Manager, Reserve Bank of India,Madras is submitted for approval.

Issue. Please be careful to make the intention quite clear in any such letters in future. P.W.P.

Sd.7-11-47.

(Issued as letter No.66227 AWM-2 dated 7-11-47)

From the Reserve Bank of India, Madras.

Sec. P.C.	13/172/3116	dated 7th	Novr. 1947.
"	3127	" 8th	-do.
"	3144	" 10th	-do.
"	3132	" 10th	-do.
"	3164	" 12th	-do.
"	3198	" 14th	-do.
"	3206	" 15th	-do.
"	3250	" 17th	-do.
"	3313	" 20th	-do.
"	3323	" 21st	-do.
"	3364	" 26th	-do.
"	3412	" 29th	-do
"	3432	" 1st	Decr.1947.
"	3446	" 2nd	-do.

From the Accountant General, Madras
No. W.5AA. & Genl. 90 dated 10th December 1947.

From the Reserve Bank of India, Madras
No. Sec.P.C.13/172/3676 dated 15th December,1947.

--

With reference to this department letter dated the 6th November 1947 authorising the investment of Rs.20 lakhs (nominal value) out of the balance in the Electricity Reserve Funds, the Securities Department of the Reserve Bank of India, has purchased securities of the Government of India 3 per cent Conversion Loan, of 1946 (maturing in 1986 or later) of the nominal value of Rs. 19.75 lakhs as detailed below:-

Funds.	Nominal value of Securities to be purchased. (2)	Nominal value of securities actually purchased. (3)	Balance.
(1)			
Depreciation Reserve Funds:-			
Pykara Hydro Electric system.	8.00	7,75	.25
Mettur Hydro Electric System.	5.00	5.00	-
Papanasam Hydro Electric " .	.80	.80	-
Bezwada Thermal Electric " .	.90	.90	-
Total.	14.70	14.45	.25

P.T.O.

Funds.	Nominal value of securities to be purchased.	Nominal value of securities actually purchased.
(1)	(2)	(3)
	Rs. Lakhs.	Rs.Lakhs.
Special Reserve Fund--		
Pykara Hydro Electric System.	3.00	3.00
Mettur Hydro -do-	2.00	2.00
Papanasam -do	.30	30
Total.	5.30	5.30
Grand Total.	20.00	19.75

The Bank has already entered into a contract for the purchase of securities for the entire sum of Rs. 20 lakhs (nominal value) but the actual purchase has been completed only in respect of Rs. 19.75 lakhs (nominal value) so far. Necessary entries have been made in the Register. The originals of the Memoranda of deposit of securities in respect of the purchase of Rs. 19.75 lakhs worth of securities received from the Bank will be given to C.C.B. for safe custody and copies addedto the file in the relevant places.

2. The receipt or the further communication referred to by the Bank in paragraph 2 of its letter on page 81 c.f. may be awaited.

Sd..3-1-48.

From the Reserve Bank of India, Madras,
No.13/172/177 dated the 16th January 1948.
No.13/172/224 dated the 20th January 1948.

--

The Reserve Bank hax since purchased securities of the Government of India 3 per cent Conversion loan of 1946 for the balance of Rs. 25,000 (nominal value) on the 16th January 1948. The details of the transaction on page 85 c.f. have been entered in the Register. The securities are held in safe custody by the Bank and a Memorandum of Depost of Securities has been recieved. The original of the Memorandum of deposit of securities has been given to C.C.B. and a copy added to the file.

With the above purchase, the transactions relating to the investment of Rs. 20 lakhs authorised in our letter on pages 4-5 c.f. have been completed. Any further purchase that is possible will be made before the end of the year after the revised estimate for the current year is finally fixed.

The Bank has also furnished a consolidated statement showing the details relating to the purchase of Rs. 20 lakhs (nominal value) of securities of the 3% conversion Loan of 1946 to the Accountant General and sent a copy of the statement to this Department for information. A copy of the statement may be constructed to the C.E.E. also. Draft ~~not~~ at p.87 c.f.is for approval.

Sd..23/1/48.

(Issued as Endt.No.4318A WM-1 dated 26-1-48).

From the Accountant General, Madras,
No.W.5.A.A. 185 dated 21st February, 1948.

--

The Accountant-General, Madras has made the necessary adjustments in the accounts in respect of the purchase of securities of the Government of India 3 per cent Conversion Loan, 1986 (or later) of the nominal value of Rs. 20 lakhs in November 1947 for the Depreciation Reserve and Special Reserve Funds of the Electricity Systems.

2. The balance available for further investment in the Electricity Reserve Funds after setting apart the sums required for renewals and replacements on the basis of the revised estimate for 1947-48 are as shown below:-

(1)	Balance available for further investment. (2)	Balance to be invested according to R.E. 1947-8. (3)	Amount that may be invested now. (4)
Depreciation Reserve Fund:	Rs.	Rs.	
Pykara H.E.System.	49,567	42,500	35,000
Mettur H.E.System.	63,595	63,312	50,000
Papanasam H.E.System.	8,498	8,250	5,000
Andhra Power System.	906	844	
Special Reserve Fund.			
Pykara H.E.System.	46,937	38,187	30,000
Mettur H.E.System.	25,920	25,125	20,000
Papanasam H.E.System.	9,896	9,719	5,000
Andhra Power System.	35,300	35,000	25,000
	2,40,579	2,22,937	1,70,000

It will be seen from the above that the balance available for further investment is Rs. 2,40,579. The balance to be invested on the basis of the R.E. for 1947-8 is Rs.2,22,937 or Rs. 2,23,000 roundly. The actual balance available for further investment will depend upon the expenditure to be met from the Funds concerned in respect of the renewals and replacements during the year. In respect of the Special Reserve Fund of the Pykara Hydro Electric System only a (token) provision of Rs. 100 has been made in the revised estimate for renewals and replacements. Final figures of actual expenditure on renewals and replacements will be known only by about June or July 1948. In any case, it does not seem necessary to keep all the amounts shown in column (2) above un-invested. Investments to be made further may perhaps be restricted to a total of Rs. 1.70 lakhs (nominal value) as shown in pencil in column (4) above. The amount may be invested in the Madras Government 2½ per Cent Loan, 1961, or in the Government of India 3% Conversion ~~3 per cent Conversion~~ Loan, 1986 (or later), or the 3 per cent Non-terminable loan, according to the availability of scrip in the market. as in the case of investment Famine Relief Fund balances. As the total amount to be invested is not appreciable, there may not be any difficulty in purchasing any of the loans mentioned above.

Subject to orders, a draft letter to the Reserve Bank is submitted.

Sd..13/3/48.

(Issued as 66227 A. W&M-3 dated 13-3-48).

From the Reserve Bank of India, Madras.
Letter No. Sec.P.C.14/28/895 dated the 24th March 1948.
" No. Sec.P.C.14/28/972 dated the 31st March 1948.

In compliance with this department letter dated the 15th March 1948 authorising the investment of Rs. 1.70 lakhs (nominal value) out of the balance in the Electricity Reserve Funds, the Reserve Bank has purchased securities for Rs. 1,64,500 (nominal value) as detailed below:-

Funds.	Nominal value of securities to be purchased.	Securities actually Purchased		
		2½% Loan, 1961	3% Conversion Loan of 1946	TOTAL.
(1)	(2) Rs.	(3) Rs.	(4) Rs.	(5) Rs.
Depreciation Reserve Funds.				
Pykara H.E.System.	35,000	-	35,000	35,000
Mettur H.E.System.	50,000	50,000	-	50,000
Papanasam H.E.System	5,000	-	5,000	5,000
Special Reserve Funds--				
Pykara H.E.System.	30,000	30,000	-	30,000
Mettur H.E.System.	20,000	20,000	-	20,000
Papanasam H.E.System.	5,000	-	5,000	5,000
Andhra Power System.	25,000	14,500	5,000	19,500
	1,70,000	1,14,500	50,000	1,64,500

It will be seen from the above that the Bank has completed the purchase authorised in our letter dated 15th March 1948 except for a small balance of Rs. 5,500 (nominal value) in respect of the Special Reserve Fund of the Andhra Power System. The Reserve Bank will arrange for the purchase of securities for this balance of Rs. 5,500 (nominal value) also in due course in the current year.

The Originals of the Memoranda of Deposit of securities in respect of the securities of the 2¾ per cent Loan, 1961 and 3 per cent Con ersion loan, 1946 already purchased may be given to C.C.B. and copies added to the file. Necessary entries have also been made in the register. The Accountant General Madras will make the necessary adjustments in the accounts of March 1948 and intimate the fact to this office.

The further purchase to be made by the Bank for the balance of rs. 5,500 (nominal value) in compliance with our letter of the 15th March 1948 will be a purchase of securities for the Electricity Reserve Funds in the current year 1948-49 and these papers may be closed as a G.O. for facility of future reference.

G.O.Ms.No. 395 Finance dated 21-4-1948.

"R E C O R D E D".

Ways and Means - Electricity Reserve Funds - Investment in 3 Per cent Conversion Loan, 1946 and 2¾ Per cent Madras Loan, 1961 - Papers Recorded.

Sd. 16-4-48.

True Copy/

KP/-

ASSISTANT
MADRAS RECORD OFFICE.